



AT THE CAPITOL

Providing One Voice for Blue Diamond Almond Growers

ISSUE 1 ♦ SPRING/SUMMER 2016

BlueDiamondGrowers.com

In This Issue

Sacramento

- ♦ Groundwater Basin Regulations
- ♦ How Proposition 65 Affects Our Labeling
- ♦ Agricultural Labor Bill

Washington

- ♦ Senator Dianne Feinstein's Water Bill
- ♦ The EPA and Waters of the US
- ♦ Keeping Immigration in Front of Congress
- ♦ The Trans-Pacific Partnership
- ♦ International Marketplaces: India, China, Israel, and Korea



Assembly member Vidak and Director of Corporate Communications Alicia Rockwell at California AG Day.



The California State Capitol Building

SACRAMENTO

The 2016 California Legislative year is off to an aggressive start, with over 1,993 bills introduced so far (totaling 4,348 for the two-year session).

With no shortage of bills, our Blue Diamond state advocates along with our Ag industry associations have been busy working with state Legislators, the Governor's office and regulatory agencies to educate and provide feedback on how these introduced bills and regulations can impact our growers.

Identifying harmful bills early, gathering other industry partners, presenting real stories from growers on potential impact, and engaging in early dialogue with legislators is our approach to managing adverse legislation. In this update you will find some of the issues we will work on as the year continues.

Groundwater Regulations

In 2013 the legislature passed landmark legislation regulating groundwater basins across the state, and called upon those most critical to establish Groundwater Sustainability Agencies to better manage groundwater supplies. While the agriculture community has been very active in helping to form these agencies and develop sustainability plans, some in the legislature feel this piece of legislation is being too slowly implemented and critical groundwater basins are depleting in the interim. A piece of legislation has been introduced to ban any new well development in critical groundwater basins; which often coincide with heavy agricultural areas. Our California advocates will be working closely with the legislature to ensure no new regulations are put into place while our growers are still figuring out how to comply with the act.



Membership Director, Mel Machado gives orchard tour to International Trade Specialist John Rice.

In addition, a legislative hearing was held in February to discuss the chronically underfunded water needs of California and weigh the next steps in addressing the issue. With aging water infrastructure, higher costs due to supply limitations, Delta constraints and population demands, there is no question that water costs are rising. As concepts like a public goods charge on water are discussed, our advocates will be closely watching to ensure agricultural interests and the sacrifices already taken on behalf of the industry are recognized.



From left to right: Director of Industrial sales, Warren Cohen; SVP Global Ingredients Division, Bill Morecraft; Bureau of East Asian and Pacific Affairs Deputy Assistant Matthew Matthews (title); CEO & President Mark Jansen; Public Affairs Deputy Director Bureau of East Asian & Pacific Affairs, Ory Abramowicz; Director of Corporate Communications, Alicia Rockwell.

New Labeling Laws

2016 has been an eventful year for Proposition 65, and our team has been closely working with the Governor's office and the CA Environmental Protection Agency to ensure Blue Diamond is protected when changes occur. As new chemicals are listed to the Proposition 65 warning list (i.e., Acrylamide, lead, BPA) our team has worked to ensure quality agriculture commodities like ours clearly articulate our safety practices in limiting the regulated substance and avoid expensive on-product labeling.

In addition, there were efforts underway to eliminate consumer food waste by standardizing on-product labeling for expiration dates. Blue Diamond's advocates and industry associations were able to kill the bill, AB 2725, by explaining to members the regulation complications and high costs associated with product labeling.

Agricultural Labor

Lastly, agricultural labor will be a hot issue this year as new Assembly leadership moves into play. A bill has been introduced that would remove the exemption for agricultural employees regarding hours, meal breaks, and other working conditions, and also includes specified wage (overtime) and schedule requirements. California law already requires overtime pay for agricultural workers after 10 hours in one day, and if passed, this legislation could put our state on an un-level playing field with other large agricultural states. Our team has been working with our industry associations to ensure the complexities and variability of seasonal employment is understood by the legislature as these major decisions are weighed.

WASHINGTON

Blue Diamond continues our long-standing aggressive federal advocacy on major issues of concern.

The impact of a presidential campaign year is being felt and we will have increased challenges in moving trade agreements, water legislation, and regulatory relief forward under this chaotic and distracting environment. Our “voice” is visible in Washington and most recently, our CEO and Chairman had the opportunity to meet Speaker Paul Ryan and Majority Leader McCarthy in Sacramento. Below is a snapshot of some but not all our priority issues.

Water Efforts Continue

In alignment with our state advocates, we are working to obtain beneficial water legislation for California and California agriculture. Currently, we are focusing our efforts on ensuring Senator Dianne Feinstein’s water bill gains the support needed to pass the Senate. This legislation authorizes the much needed investment in water storage within the state.

WOTUS

In Summer 2015, the United States Environmental Protection Agency and the Army Corps of Engineers announced a final rule defining the scope of waters protected under the Clean Water Act. The rule revises the existing definition, of “Waters



Research and Development Director, Steve Morgan and International Trade Specialist John Rice in Blue Diamond’s Almond Innovation Center.

of the United States”, which includes the streams and wetlands that form the foundation of the nation’s water resources. The Courts are currently blocking this regulation as there is concern

that the EPA has exceeded its authority to issue regulations over the Waters of the US (WOTUS) rule. However, it is not known how this litigation will end. Therefore, it is necessary to work with Congress to prevent EPA from enforcing this regulation. For more information please visit American Farm Bureau Federation’s WOTUS website: ditchtherule.fb.org

Immigration as a Legal Workforce

As immigration continues to be at the forefront of not only the presidential election but on Congress’ agenda, it is necessary to keep this issue in front of Senate and House Members so they understand the importance of obtaining a legal work force for agriculture. While it is doubtful there will be action this year, it requires vigilant advocacy to sustain the attention of Congress.

Blue Diamond Supports TPP

Blue Diamond supported the Trans-Pacific Partnership (TPP) agreement, completed in 2015. Our team will be working with members of Congress to ensure the approval of this agreement, which is set to occur later this year. The TPP is an important achievement for the almond industry and agriculture as it eliminates tariffs on a vast majority of agriculture products and all agricultural export subsidies. Earlier this year, Blue Diamond Growers was asked to present testimony to the International Trade Commission (ITC) on the benefits of TPP. The ITC must report its findings to USTR and Congress.

The Transatlantic Trade and Investment Partnership (T-TIP) is the free trade agreement being negotiated between the US and the European Union (EU). This will be very beneficial to Blue Diamond Growers as the EU is an important and large market. Elimination of the duties on almonds in the EU will provide many benefits. This negotiation is underway. The current Administration hopes to complete it this year, however it is not known whether or not this can be accomplished.

India

Several decades ago Blue Diamond opened the marketplace in India, which now represents a very large share of the inshell almonds exported by Blue Diamond and thus requires constant attention. Our advocacy team works closely with USTR, USDA, State, and Congress to keep the market in India open and stable. We are currently working to combat the wide-spread smuggling into India caused by the unprecedented price increase of almonds while undercutting the legitimate almond trade. Additionally, Blue Diamond was requested to present testimony to the International Trade Commission during its study on such trade problems in India. Our objective is to secure a duty reduction to eliminate the incentive to smuggle, which may also provide benefits in revitalizing the marketplace since the recent downturn.

China

At the end of 2015, China agreed to a trade agreement with Australia giving Australia a duty advantage on their almonds. Because this puts us at a competitive disadvantage, our team is working to obtain a duty reduction in China for California almonds equal to that of Australia's.



Director of Corporate Communications, Alicia Rockwell and Abraham Inouye, Foreign Agricultural Service.

Israel

Israel continues to refuse to give US almonds duty free access to their market, despite the FTA (free trade agreement) with the US. This requires constant attention and continued work with USTR, USDA and Congress.

Korea

In spite of the FTA between the US and Korea, Korea continues to maintain a high duty on Blue Diamond Almond Breeze. Our federal advocates will be working with USTR and USDA to reduce the duty on Almond Breeze and allow us better access and a more competitive advantage in the Korean market.

The goal of the Blue Diamond public affairs team is to use "At The Capitol" to keep you informed and engaged with your cooperative's advocacy efforts.

As our team works with some of the more urban legislators in Sacramento and those in Washington D.C., who are pursuing legislation impacting our vital industry, any feedback we receive from our growers that can help illustrate the demands and hardships facing the industry today (water shortages, labor, climate change, crop pricing etc.) would be extremely beneficial.

We encourage your questions and support, please contact:

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